



P.O. BOX 69, HEBER CITY, UTAH, 84032  
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April 7, 1972

TO: All Directors

SUBJECT: S.B.A. Loan, meeting with Mr. Roy Simmons, President  
Zions 1st National Bank: April 4, 1972, Gordon Mendenhall and  
Lowe Ashton, Mr. Simmons and Mr. Noal Bennett, 10:00 A.M.

After presentation of our problem in acquiring a loan from First  
Security, Mr. Simmons agreed that Zions would handle the loan on  
the basis of whatever requirements that S.B.A. applied to the  
loan. It was felt that the money could be available within  
about a week to ten days.

He said that there should be some guarantees to comply with the  
regulations of S.B.A. which we were in agreement, but he also said  
that the guarantors should be entitled to some compensation for  
the additional risk, probably in the form of stock options. Lowe  
then explained the underwriters position on the options we had  
attempted, and that we had to cancel them to meet the underwriter  
conditions. Mr. Simmons then described a method that he felt  
would be satisfactory to all, including all old and new stockholders,  
and still give those management-guarantors some opportunity to  
compensate them for the additional risk:

Assuming that after the public offering was completed there would  
be 500,000 shares at \$1.00. If this were so, perhaps 50,000 shares  
could be held as option stock for the guarantors if the profits of  
the Company were equal to 20% of the original stock sales (or 20  
cents per share). Only when this happened, could the guarantors  
exercise their option. In this manner, the guarantors-management  
must have profits generated adequate to assure all stockholders an  
earnings ratio adequate to have the price above their purchase  
price, and the dilution of the stock earnings from the exercise of  
the options would not dilute the stock earnings enough to upset  
them.

THE IRON HORSE TRAIL THROUGH THE ALPS OF UTAH

*Notes: Board meeting to be held  
Thursday, 7:00 p.m. - Lowe's home.  
To meet with Al Covey.*

4-12-72 Meeting at ambassador  
Club 6:PM

Jack Lively -

1. Keep 1st issue small price

2. after market?

3. Who she is coming in with es.

4. Small # shares out -

5. 520,000 Capital.

6. Better 300,000 @ \$100

7. <sup>left</sup> 600,000 outstanding

8. "Heber Creeper"

9. Limited Partnership - out

10. Sooner Public the better Climate.

11. Prince Corey vs - Wilson Davis  
vs.

Amusement + Train +

16500  
25000  
415,000

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